

## SUPPLEMENTAL

COUNCIL AGENDA: 6-21-05  
ITEM: 10.3

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Carl W. Mosher

**SUBJECT:** SEE BELOW

**DATE:** 6-17-05

Approved

Date

6/17/05

**SUBJECT: PROPOSED SEWER SERVICE AND USE CHARGES AND STORM  
SEWER SERVICE CHARGES FOR FISCAL YEAR 2005-06 AND PUBLIC  
HEARING TO SET MAXIMUM RATE INCREASES IN STORM SEWER  
SERVICE CHARGES FOR FISCAL YEARS 2006-07 AND 2007-08**

### REASON FOR SUPPLEMENTAL

This is a supplemental memorandum to the June 21, 2005 Council Memorandum (item 10.3) regarding the Proposed Sewer Service and Use Charges and Storm Sewer Service Charges for Fiscal Year 2005-06. This memorandum reports on the letters of protest received through June 16, 2005 in response to the Public Notices mailed to property owners regarding proposed Storm Sewer Service Charge rates for Fiscal Year 2005-06. At the close of the Public Hearing, the City Clerk will report on any additional protest received subsequent to June 16, 2005.

### BACKGROUND

Public Notices were mailed on May 6, 2005 to 216,739 residential and non-residential property owners advising them that the Administration would recommend to Council an average Storm Sewer Service Charge (SSSC) rate increase of 4.5% for FY 2005-06, and that a Public Hearing would be held on June 21, 2005. The notices also covered proposed SSSC for additional amounts up to 4.5% per year for services beginning July 1, 2006 and July 1, 2007. Property owners have 45 days from May 6, 2005 in which to protest the rate increase, and a public hearing is scheduled for June 21, 2005.

Unless written protests against the proposed rate increase are presented by a majority of parcel owners, Council may approve the rate increase.

### **Letters of Protest**

As of Thursday, June 16, 2005, the City Clerk's Office has received 318 letters of protest in response to the SSSC Public Notices. Four of those letters did not provide an Assessor's Parcel Number (APN) required for a protest to be counted. Substantive protest letters totaled 314, representing 422 parcels or 0.19% of all property owners impacted by the proposed increase in fees.

60% of the protest letters received simply indicate that they wished to protest without offering any specific reasons; however, 40% of the protests added comments or letters explaining the reasons for their protests. In general, property owners felt over burdened by taxes and fees, and they do not want or cannot afford to pay an increase in SSSC fees. Others stated that they were on a fixed income and that increasing their SSSC would create a financial hardship. Another major concern was that an increase in any fee is inappropriate at this time in light of the continuing economic downturn in San José and Silicon Valley.

Other recurring issues brought up in property owners' protests include:

- The City should look to cost reductions in the storm sewer service program instead of increasing fees, including staffing and project cuts.
- Cuts should be made in all City programs until existing revenues equal program expenditures.
- Increase efficiency of City staff and programs, or efficiency of City budgeting, so that additional funding may not be necessary.
- Use existing property tax revenues for storm sewer service projects and programs or find alternative sources of funding such as selling bonds.
- Though annual fee increase is relatively small, with so many other fee and tax increases, the cumulative total is large.
- Elderly and low-income property owners that may be unable to pay the fee should be eligible for Storm Sewer Service Charge fee discounts or be exempt from paying the fee altogether.

### **Phone Calls Received**

Over 104 phone calls were received by the City's Call Center as a result of the Public Notices. The majority of calls were from residential customers wanting to confirm their rate. A number of callers wished to clarify the service address listed on their notice.

HONORABLE MAYOR AND CITY COUNCIL

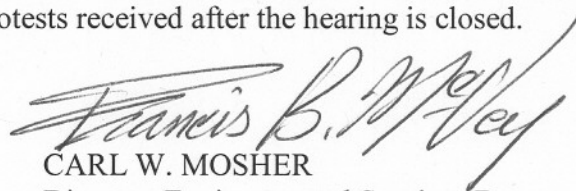
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Subject: Sewer Service, Use Charges, Storm Sewer Service Charges FY 05/06, Rate Increases FY 6-07/07-08

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### **CONCLUSION**

As of June 16, 2005, the total number of substantive protests received for the proposed SSSC fee increase was 422 out of 216,739 public notices mailed on May 6, 2005 or 0.19%. Therefore, Council may consider staff's recommendation for a Storm Sewer Service Charge rate increase. Protest letters may be submitted through the close of the Public Hearing, and the City Clerk will provide to Council a count of any additional protests received after the hearing is closed.

A handwritten signature in cursive script, appearing to read "Francis B. Mosher", is written over the printed name "CARL W. MOSHER".

CARL W. MOSHER

Director, Environmental Services Department